

RECREATION DISTRICT NO. 39A OF
TANGIPAHOA PARISH
REVIEW OF ANNUAL FINANCIAL STATEMENTS
JUNE 30, 2010
INDEPENDENCE, LOUISIANA

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/1/10

**RECREATION DISTRICT NO. 39A OF TANGIPAHOA PARISH
INDEPENDENCE, LOUISIANA**

REPORT ON REVIEW OF ANNUAL FINANCIAL STATEMENTS AND

REPORT ON APPLYING AGREED-UPON PROCEDURES

INCLUDING THE LOUISIANA ATTESTATION QUESTIONNAIRE

FOR THE YEAR ENDED JUNE 30, 2010

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
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For the Year Ended June 30, 2010

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October 4, 2010

Accountant's Review Report on the
Financial Statements

Mr. John Polito, Jr., President
and the Members of the Board of Commissioners
Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the Recreation District No. 39A of Tangipahoa Parish, Independence, Louisiana, a component unit of the Tangipahoa Parish Council, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in the financial statements is the representation of the management of the Recreation District No. 39A of Tangipahoa Parish.

A review consists principally of inquires of the District's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

The accompanying financial information as listed in the table of contents as required supplemental information, Schedules 1 through 3, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. Schedules 1 through 3 have been subjected to review procedures applied in the review of the basic financial statements and we are not aware of any material modifications that should be made to the schedules in order for them to be in conformity with generally accepted accounting principles.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Required Supplemental Information (Part I)

Management's Discussion and Analysis

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis
June 30, 2010

Introduction

Recreation District 39A of Tangipahoa Parish (the "District") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the District's financial statements and footnotes, which follow this section.

Financial Highlights

- Total assets for the year were \$1,284,843 as of June 30, 2010. The District had liabilities totaling \$132,134 resulting in net assets of \$1,152,709.
- The majority of total assets (66.37%) were composed of fixed assets. Additional information on fixed assets can be found in Note 5.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the District's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the nature and amount of the District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Activities accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user fees and other charges.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes comparative budget schedules, key information schedules on operation of the District, and schedules detailing any findings and management's response.

Financial Analysis

The purpose of financial analysis is to help determine whether the District is better off due to the current year's activities. In this analysis, data from the basic financial statements, the Statement of Net Assets and the Statement of Activities, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2010

Condensed Statement of Net Assets

	June 30, 2010	June 30, 2009	Dollar Change	Percent Change
Cash and Other Assets	\$ 432,055	\$ 335,833	\$ 96,222	28.65%
Capital Assets, Net	852,788	819,649	33,139	4.04%
Total Assets	<u>\$ 1,284,843</u>	<u>\$ 1,155,482</u>	<u>\$ 129,361</u>	11.20%
Current Liabilities	\$ 132,134	\$ 70,172	\$ 61,962	88.30%
Non-Current Liabilities	-	64,000	(64,000)	-100.00%
Total Liabilities	<u>\$ 132,134</u>	<u>\$ 134,172</u>	<u>\$ (2,038)</u>	-1.52%
Net Assets:				
Invested in Capital Assets	\$ 788,788	\$ 693,649	\$ 95,139	13.72%
Restricted for Debt Service	67,077	58,277	8,800	15.10%
Unrestricted	296,844	269,384	27,460	10.19%
Total Net Assets	<u>\$ 1,152,709</u>	<u>\$ 1,021,310</u>	<u>\$ 131,399</u>	12.87%

"Cash and Other Assets" increased by \$96,222 due primarily to an increase in available cash during the year. However, "Current Liabilities" also increased by \$61,962 due to several capital outlay projects completed during the year but recorded as accounts payable as of June 30, 2010. "Non-Current Liabilities" decreased to \$-0- in the current year as a result of the next fiscal year being the final payment year of the outstanding bonds.

Condensed Statement of Activities

	June 30, 2010	June 30, 2009	Dollar Change	Percent Change
General Revenues:				
Ad Valorem Taxes	\$ 228,716	\$ 213,576	\$ 15,140	7.09%
State Revenue Sharing	22,988	23,332	(344)	-1.47%
Interest Earned	436	3,380	(2,944)	-87.10%
Total Revenues	252,140	240,288	11,852	4.93%
Expenses:				
Parks and Recreation	81,106	80,473	633	0.79%
Depreciation	35,360	33,349	2,011	6.03%
Debt Service	4,275	6,113	(1,838)	-30.07%
Total Expenses	<u>120,741</u>	<u>119,935</u>	<u>806</u>	0.67%
Change in Net Assets	131,399	120,353	11,046	9.18%
Net Assets - Beginning of the Year	1,021,310	900,957	120,353	13.36%
Net Assets - End of the Year	<u>\$ 1,152,709</u>	<u>\$ 1,021,310</u>	<u>\$ 131,399</u>	12.87%

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2010

Total "General Revenues" increased by \$11,852 (4.93%), reflecting an increase in ad valorem taxes along with continuing decreases in interest income. Total "Operating Expenses" remained relatively flat during the year, as indicated by an \$806 increase (0.67%) over the prior year.

Overall, the District showed an income of \$131,399 for the year, a 9.18% increase over June 30, 2009.

Budgetary Highlights

The District adopts an annual operating budget in accordance with requirements of the provisions of Louisiana Revised Statute 39.1301 – 1315. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended after a review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in Schedules 1 and 2 as supplementary information, following the footnotes to the financial statements.

Budget vs. Actual – Fiscal Year Ended June 30, 2010

	Final Budget	Actual - Budgetary Basis	Dollar Variance
Revenues:			
Ad Valorem Taxes	\$ 199,012	\$ 228,716	\$ 29,704
State Revenue Sharing	22,988	22,988	-
Interest Earned	-	361	361
Total Revenues	222,000	252,065	30,065
Operating Expenditures:			
Accounting & Legal	9,700	8,600	1,100
Bad Debt Expense	-	4,704	(4,704)
Contract Labor	25,000	26,299	(1,299)
Equipment Fuel	2,100	1,293	807
Insurance	2,550	2,029	521
Licenses	-	100	(100)
Pest Control	825	1,097	(272)
Repairs & Maintenance	9,500	7,191	2,309
Sheriff's Pension Expense	-	8,759	(8,759)
Supplies	4,600	1,826	2,774
Utilities	35,050	18,283	16,767
Other Expenditures	400	925	(525)
Capital Outlay	94,100	68,499	25,601
Total Expenditures	183,825	149,605	34,220
Excess of Revenues over Expenditures	\$ 38,175	\$ 102,460	\$ 64,285

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2010

Several variances between the budget and actual occurred. "Ad Valorem Taxes" exceeded budgeted amounts by \$29,704. "Utilities" were significantly under budget due to an overestimation of electrical costs when preparing the budget. "Capital Outlay" was significantly under budget due to a number of landscaping and improvement projects budgeted but not undertaken during the year.

Capital Assets

At June 30, 2010, the District had \$852,788 (net of accumulated depreciation) recorded in capital assets. This includes land, land improvements, buildings, and equipment. The changes in capital assets are presented in the table below.

	June 30, 2010	June 30, 2009	Dollar Change	Percent Change
Land	\$ 93,233	\$ 93,233	\$ -	0.00%
Buildings	68,147	68,147	-	0.00%
Improvements	981,456	912,957	68,499	7.50%
Equipment	50,989	50,989	-	0.00%
Subtotal	1,193,825	1,125,326	68,499	6.09%
Less: Accumulated Depreciation	341,037	305,677	35,360	11.57%
Net Capital Assets	<u>\$ 852,788</u>	<u>\$ 819,649</u>	<u>\$ 33,139</u>	4.04%

Future Economic Plans

The District's management approach is conservative. The Board members actively monitor revenues and expenses and evaluates the costs of proposed expansion projects. No current expansion projects are planned for the immediate future.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mrs. Margaret Baglio, P.O. Box 187, Independence, Louisiana, 70443.

Basic Financial Statements

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Statement of Net Assets
June 30, 2010

Exhibit A

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 364,978
Capital Assets, Net of Accumulated Depreciation	852,788
Restricted Assets:	
Cash and Cash Equivalents	<u>67,077</u>
Total Assets	<u>\$ 1,284,843</u>
Liabilities	
Accounts Payable	\$ 68,134
Long-Term Debt - Current	<u>64,000</u>
Total Liabilities	<u>\$ 132,134</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	\$ 788,788
Restricted for Debt Service	<u>67,077</u>
Unrestricted	<u>296,844</u>
Total Net Assets	<u>\$ 1,152,709</u>

See accompanying notes and accountant's review report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Statement of Activities
For the Year Ended June 30, 2010

Exhibit B

		<u>Program Revenues</u>	<u>Change in Net Assets</u>
	<u>Expenses</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>
Governmental Activities:			
Parks and Recreation	\$ 81,106	\$ -	\$ (81,106)
Depreciation	35,360	-	(35,360)
Interest on Debt Service	4,275	-	(4,275)
Total Expenses	\$ 120,741	\$ -	(120,741)
General Revenues:			
Property Taxes			228,716
State Revenue Sharing			22,988
Interest Earned			436
Total General Revenues			<u>252,140</u>
Change in Net Assets			131,399
Net Assets - Beginning of the Year			<u>1,021,310</u>
Net Assets - End of the Year			<u>\$ 1,152,709</u>

See accompanying notes and accountant's review report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Governmental Funds Balance Sheet
June 30, 2010

Exhibit C

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ 364,978	\$ -	\$ 364,978
Restricted Assets:			
Cash and Cash Equivalents	-	67,077	67,077
Total Assets	<u>\$ 364,978</u>	<u>\$ 67,077</u>	<u>\$ 432,055</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 68,134	\$ -	\$ 68,134
Total Liabilities	<u>68,134</u>	<u>-</u>	<u>68,134</u>
Fund Balances:			
Reserved For:			
Debt Service	-	67,077	67,077
Unreserved, Undesignated	296,844	-	296,844
Total Fund Balances	<u>296,844</u>	<u>67,077</u>	<u>363,921</u>
Total Liabilities and Fund Balances	<u>\$ 364,978</u>	<u>\$ 67,077</u>	<u>\$ 432,055</u>

See accompanying notes and accountant's review report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Assets
June 30, 2010

Exhibit D

Total Fund Balances, Governmental Funds (Exhibit C)	\$	363,921
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental Capital Assets, Net of Depreciation		852,788
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:

Current (Short-Term) Obligations		<u>(64,000)</u>
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Net Assets of Governmental Activities (Exhibit A)	\$	<u>1,152,709</u>
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See accompanying notes and accountant's review report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Statement of Governmental Funds Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2010

Exhibit E

	General Fund	Debt Service Fund	Total
Revenues:			
Ad Valorem Taxes	\$ 228,716	\$ -	\$ 228,716
State Revenue Sharing	22,988	-	22,988
Interest Earned	361	75	436
Total Revenues	252,065	75	252,140
Expenditures:			
Accounting & Legal	8,600	-	8,600
Bad Debt Expense	4,704	-	4,704
Contract Labor	26,299	-	26,299
Equipment Fuel	1,293	-	1,293
Insurance	2,029	-	2,029
Licenses	100	-	100
Pest Control	1,097	-	1,097
Repairs & Maintenance	7,191	-	7,191
Sheriff's Pension Expense	8,759	-	8,759
Supplies	1,826	-	1,826
Utilities	18,283	-	18,283
Other Expenditures	925	-	925
Capital Outlay	68,499	-	68,499
Debt Service - Principal	-	62,000	62,000
Debt Service - Interest	-	4,275	4,275
Total Expenditures	149,605	66,275	215,880
Excess (Deficiency) of Revenues over Expenditures	102,460	(66,200)	36,260
Other Financing Sources (Uses):			
Operating Transfers In (Out)	(75,000)	75,000	-
Total Other Financing Sources (Uses)	(75,000)	75,000	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	27,460	8,800	36,260
Fund Balances - Beginning of the Year	269,384	58,277	327,661
Fund Balances - End of the Year	\$ 296,844	\$ 67,077	\$ 363,921

See accompanying notes and accountant's review report.

**Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana**
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2010**

Exhibit F

Net Change in Fund Balances, Governmental Funds (Exhibit E)	\$	36,260
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay		68,499
Depreciation Expense		(35,360)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds because:

Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments:

Repayments		<u>62,000</u>
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Change in Net Assets of Governmental Activities (Exhibit B)	\$	<u>131,399</u>
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See accompanying notes and accountant's review report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements
June 30, 2010

Narrative Profile

The Recreation District No. 39A of Tangipahoa Parish, Independence, Louisiana was created by an ordinance of the Tangipahoa Parish Council on April 22, 1996, as a "recreation district to consist of territorial lands and property, both real and personal, in the parish, in accordance with R.S. 33:4562 et seq, and Article 6, Section 19 of the Louisiana Constitution of 1974 and other constitutional and statutory authority supplemental thereto, to be a body corporate in law and a subdivision of the State, known as "Recreation District No. 39A of Tangipahoa Parish (the "District")."

The District contains within its limits one municipality, the Town of Independence. The governing body of this municipality has given consent to inclusion of such municipality in the District. The District shall be and is a political subdivision of the State, within the meaning of the constitution and statutes of the State relating to incurring debt and issuing bonds therefore.

The objectives and purposes of the District are to own and operate playgrounds and other facilities and to engage in activities that would promote recreation and any related activity designed to encourage recreation and promote the general health and well-being of youths and all of the goals and purposes as authorized by law. Revenues for the District include property taxes and state revenue sharing. Major expenditures of the District include capital outlay, maintenance, and supplies.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*.

B. Financial Reporting Entity

All board members of the District are appointed by the Tangipahoa Parish Council. As the governing authority of the Parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Because the board members of the District are appointed by the Tangipahoa Parish Council, the District was determined to be a component unit of the Tangipahoa Parish Council.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Tangipahoa Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements (Continued)
June 30, 2010

C. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District. The following are the District's governmental funds:

General Fund – the primary operating fund of the District, which accounts for all the operations of the District, except for the servicing of long-term debt. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

Debt Service Fund – accounts for the receipt and disbursement of funds required to service the District's outstanding bonded indebtedness.

D. Measurement Focus / Basis of Accounting

Basic Financial Statements -- Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include all the non-fiduciary activities of the District with most of the interfund activities removed. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District does not allocate indirect expenses.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements (Continued)
June 30, 2010

Basic Financial Statements – Governmental Funds

The amounts reflected in the General Fund and Debt Service Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District's operations.

The amounts reflected in the General Fund and Debt Service Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Ad valorem tax revenue, state revenue sharing revenue, and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation - Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

E. Budgets and Budgetary Accounting

Budgetary procedures applicable to the District are defined in state law, R.S. 39:1301-15. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District adopts a budget each year for the general fund and special revenue funds, if applicable.
2. The Chairman prepares a proposed budget and submits it to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal in each parish in which the District has jurisdiction. Upon acceptance by the board, the proposed budget was not published in the official journal in each parish in which the District has jurisdiction because the proposed expenditures for the general fund were less than \$500,000.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements (Continued)
June 30, 2010

3. A public hearing on the proposed budget must be held at least ten days after publication of the call for the hearing. A public hearing was not held on the proposed budget because the proposed expenditures for the general fund were less than \$500,000.
4. After the public hearing, the budget is adopted by ordinance. All action necessary to adopt and implement the budget must be completed prior to the end of the fiscal year in progress. The budget was adopted on a timely basis.
5. The District must certify completion of all actions required to adopt and implement the budget by publishing a notice in the official journal in each parish in which the District has jurisdiction.
6. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners. The budget was not amended.

All budgetary appropriations lapse at the end of each fiscal year.

F. Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Under State law, the District may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments are stated at cost.

G. Inventory

Inventories for supplies are immaterial and are recorded as expenditures / expenses when purchased.

H. Prepaid Items

The District recognizes expenditures for insurance and similar services extending over more than one accounting period when paid. As of June 30, 2010, there were no recorded prepaid items.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$300 or more for capitalizing capital assets.

Capital assets are recorded in the statement of net assets and statement of activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements (Continued)
June 30, 2010

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Land	N/A
Buildings	25 Years
Improvements	7 - 30 Years
Equipment	5 - 25 Years

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

In the fund financial statements, the face amount of any debt issued is reported as other financing sources. Expenditures for principal and interest payments for long-term obligations are recognized in the debt service fund when paid.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. Restricted Net Assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements (Continued)
June 30, 2010

2. Levied Taxes

The following is a summary of authorized and levied Ad Valorem taxes:

General Fund	15.00 Mills
--------------	-------------

Ad valorem taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the District during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from Ad Valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2009, the District levied 15.0 mills for a total tax levy of \$219,573 on taxable property valuation totaling \$14,637,958.

3. Cash and Cash Equivalents

As confirmed by fiscal agents, the District has cash totaling \$433,453 (of which \$67,077 is restricted) with a carrying amount of \$432,055.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash (bank balances) at June 30, 2010, with the related federal deposit insurance and pledged securities:

Bank Balances:

Insured (FDIC Insurance)	\$ 250,000
Uninsured and Collateralized:	
Collateral held by the pledging bank's trust department not in the District's name	183,453
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 433,453</u>

Even through the pledged securities are not held in the entity's name, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Deposits collateralized by pledged securities are considered to be exposed to credit risk (Category 3) under the provisions of GASB Statement 40. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial risk.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements (Continued)
June 30, 2010

4. Receivables

The following is a summary of accounts receivable at June 30, 2010:

Accounts Receivable:	
Ad Valorem Taxes	\$ 4,704
Less: Allowance for Uncollectible Taxes	<u>(4,704)</u>
	<u>\$ -</u>

5. Changes in Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2010 are as follows:

	Balance 07/01/09	Additions	Deletions	Balance 06/30/10
Capital Assets Not Being Depreciated:				
Land	\$ 93,233	\$ -	\$ -	\$ 93,233
Total Capital Assets Not Being Depreciated	93,233	-	-	93,233
Capital Assets Being Depreciated:				
Buildings	68,147	-	-	68,147
Improvements	912,957	68,499	-	981,456
Equipment	50,989	-	-	50,989
Total Capital Assets Being Depreciated	1,032,093	68,499	-	1,100,592
Less Accumulated Depreciation:				
Buildings	26,298	2,681	-	28,979
Improvements	241,717	30,678	-	272,395
Equipment	37,662	2,001	-	39,663
Total Accumulated Depreciation	305,677	35,360	-	341,037
Total Capital Assets Being Depreciated, Net	726,416	33,139	-	759,555
Total Capital Assets, Net	<u>\$ 819,649</u>	<u>\$ 33,139</u>	<u>\$ -</u>	<u>\$ 852,788</u>

6. Changes in Long-Term Debt

The following is a summary of debt transactions for the District for the year ended June 30, 2010:

	Balance 07/01/09	Certificates Issued	Certificates Retired	Balance 06/30/10	Due Within One Year
Certificates of Indebtedness	<u>\$ 126,000</u>	<u>\$ -</u>	<u>\$ 62,000</u>	<u>\$ 64,000</u>	<u>\$ 64,000</u>

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements (Continued)
June 30, 2010

Long-term debt at June 30, 2010, is comprised of the following:

Certificates of Indebtedness:

\$300,000 Certificate of Indebtedness dated May 4, 2005; Due in annual installments of \$11,000 - \$64,000 through March 1, 2011; with interest at 3.75% \$ 64,000

The annual requirements to amortize all debt outstanding at June 30, 2010, including interest payments of \$2,400 are as follows:

June 30, 2011	\$ 66,400
Less: Interest Portion	<u>2,400</u>
	\$ <u>64,000</u>

7. Dedication of Proceeds and Flow of Funds - Ad Valorem Tax

Proceeds of the 10 year special tax of 15 mills on the dollar of assessed valuation on all property subject to taxation in the District (2009 collections of \$219,573) are dedicated for the purpose of purchasing and acquiring lands, buildings, equipment and other facilities in the District for recreation to promote the well-being of youths and the general public and to pay the cost of maintaining said facilities with not less than six percent (6.0%) of the avails of the said tax dedicated to the maintenance of existing parks (Velma, Frazier, Autin) and playgrounds in the District.

The District, through its governing authority, adopted a resolution on April 2, 2005, authorizing the issuance of \$300,000 of Certificates of Indebtedness, Series 2005, for the purpose of purchasing and acquiring land buildings, equipment, and other facilities in the District for recreation purposes. In that resolution, the proceeds of the 10-year special tax were irrevocably and irrepealably pledged and dedicated in an amount sufficient for payment of the certificates authorized and interest as they become due and for other purposes.

The certificate resolution requires that the proceeds of the special tax now being levied and collected by the District is to be deposited with the District's fiscal agent bank in a "sinking fund" (Debt Service Fund) until such time as there is on deposit in the Sinking Fund sufficient proceeds of the tax to pay all principal and interest falling due on the certificate in the ensuing year. After such time as there has been accumulated in the Sinking Fund the amount described in the preceding sentence, any surplus monies derived from the tax may be used by the District for any of the purposes for which the tax is authorized to be levied. The District shall make available from the Sinking Fund to the paying agent at least one (1) day in advance of the date on which each payment of principal and interest on the certificate falls due, funds fully sufficient to pay promptly the principal and interest falling due on such date.

After funds have been set aside out of the revenues of the tax for each tax roll year sufficient to pay the principal and interest on the Certificate for the ensuing calendar year, and all required amounts have been deposited in the Sinking Fund, then any excess of annual revenues of the tax remaining for that tax roll year shall be free for expenditure by the District for the purposes for which the tax was authorized by the voters.

The certificate resolution requires that the certificate be secured by and payable solely from a pledge and dedication of the excess of annual revenues of the Issuer above statutory, necessary and usual charges in each of the fiscal years during which this certificate is outstanding, including the Issuer's \$300,000 of Certificates of Indebtedness, Series 2005, maturing serially on March 1 of the years 2006 through 2011, inclusive (the

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements (Continued)
June 30, 2010

"2005 Certificates"). The Issuer has covenanted and agreed and does hereby covenant and agree to budget annually a sufficient sum of money to pay the principal of and the interest on the Certificate as it becomes due, and to levy and collect in each year taxes, and to collect other revenues, within the limits prescribed by law, sufficient to pay the principal of and the interest on the Certificate after the payment in such year of all such statutory, necessary and usual charges and the 2005 Certificates.

The balance in the Sinking Fund at June 30, 2010, was in accordance with the certificate covenants.

8. Compliance With Certificate of Indebtedness Covenants

The District, through its governing authority, adopted a resolution on May 4, 2005, authorizing the issuance of \$300,000 of Certificates of Indebtedness, Series 2005 for the purpose of purchasing and acquiring land, buildings, equipment, and other facilities in the District for recreation purposes. That certificate resolution contained certain covenants and agreements in connection with the security and payment of the certificates. The major covenants contained in the certificate resolutions and the manner in which the District has complied with these covenants is described as follows:

- **Sinking Fund** – According to the certificate resolution, all of the avails or proceeds of the tax for each tax roll year shall be set aside in the Sinking Fund until such time as there is on deposit in the Sinking Fund sufficient proceeds of the tax to pay all principal and interest falling due on the certificate in the ensuing year.

As of June 30, 2010, the District was in compliance with this Certificate covenant.

- **Securing of deposits of public funds** – In the certificate resolution it is required that all monies deposited with the regularly designated fiscal agent bank or banks of the District or the paying agent under the terms of the resolution shall constitute secured funds for the benefit of the owner of the certificate, and shall be secured by said finances at all times to the full extent thereof in the manner required by law for the securing of deposits of public funds.

As of June 30, 2010, the District was in compliance with this Certificate covenant.

- **Budget** – In the certificate resolution, as long as the certificate is outstanding and unpaid in principal or interest, the District is required to prepare and adopt a budget prior to the beginning of each fiscal year. A copy of such budget shall be furnished within thirty (30) days after its adoption to the paying agent and owner.

As of June 30, 2010, the District was in compliance with this certificate covenant.

- **Other Requirements** – The certificate resolution contains additional covenants regarding collection of tax, legal right to collection of tax, and other miscellaneous provisions.

As of June 30, 2010, the District was in compliance with these other certificate covenants in all material respects.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Notes to the Financial Statements (Continued)
June 30, 2010

9. Reserved and Designated Fund Balances

The District records reserves and dedications to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves and dedications used by the District as of June 30, 2010:

Debt Service Fund:

Reserved for Debt Service

\$ 67,077

Required Supplemental Information (Part II)

Budgetary Comparison Schedules

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2010

Schedule 1

	Original and Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:			
Ad Valorem Taxes	\$ 199,012	\$ 228,716	\$ 29,704
State Revenue Sharing	22,988	22,988	-
Interest Earned	-	361	361
Total Revenues	<u>222,000</u>	<u>252,065</u>	<u>30,065</u>
Expenditures:			
Accounting & Legal	9,700	8,600	1,100
Bad Debt Expense	-	4,704	(4,704)
Contract Labor	25,000	26,299	(1,299)
Equipment Fuel	2,100	1,293	807
Insurance	2,550	2,029	521
Licenses	-	100	(100)
Pest Control	825	1,097	(272)
Repairs & Maintenance	9,500	7,191	2,309
Sheriff's Pension Expense	-	8,759	(8,759)
Supplies	4,600	1,826	2,774
Utilities	35,050	18,283	16,767
Other Expenditures	400	925	(525)
Capital Outlay	94,100	68,499	25,601
Total Expenditures	<u>183,825</u>	<u>149,605</u>	<u>34,220</u>
Excess of Revenues over Expenditures	38,175	102,460	64,285
Other Financing Sources (Uses):			
Operating Transfers Out	-	(75,000)	(75,000)
Total Other Financing (Uses)	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>
Excess of Revenues and Other Sources over Expenditures and Other (Uses)	38,175	27,460	(10,715)
Fund Balance - Beginning of the Year	<u>269,384</u>	<u>269,384</u>	<u>-</u>
Fund Balance - End of the Year	<u>\$ 307,559</u>	<u>\$ 296,844</u>	<u>\$ (10,715)</u>

See accountant's review report.

**Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Budgetary Comparison Schedule – Debt Service Fund
For the Year Ended June 30, 2010**

Schedule 2

	Original and Final Budget	Actual Amounts - Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:			
Interest Earned	\$ -	\$ 75	\$ 75
Total Revenues	-	75	75
Expenditures:			
Debt Service:			
Principal	62,000	62,000	-
Interest	3,000	4,275	(1,275)
Total Expenditures	65,000	66,275	(1,275)
Excess (Deficiency) of Revenues over Expenditures	(65,000)	(66,200)	(1,200)
Other Financing Sources:			
Operating Transfers In	-	75,000	75,000
Total Other Financing Sources	-	75,000	75,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other (Uses)	(65,000)	8,800	73,800
Fund Balance - Beginning of the Year	58,277	58,277	-
Fund Balance - End of the Year	<u>\$ (6,723)</u>	<u>\$ 67,077</u>	<u>\$ 73,800</u>

See accountant's review report.

Other Supplemental Information

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Schedule of Compensation Paid the Board of Commissioners
For the Year Ended June 30, 2010

Schedule 3

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
John Polito, Jr. 15496 Tracey Lane Independence, LA 70443	President	\$ -	April 2015
Margaret Baglio P.O. Box 187 Independence, LA 70443	Secretary / Treasurer	\$ 3,000	N/A
Charles Baglio P.O. Box 187 Independence, LA 70443	Commissioner	\$ -	April 2014
Larry Cardaronella P.O. Box 332 Independence, LA 70443	Commissioner	\$ -	April 2011
Joseph Drago 52610 Red Hill Road Independence, LA 70443	Commissioner	\$ -	April 2013
Francis Durnin P.O. Box 838 Independence, LA 70443	Commissioner	\$ -	April 2013
Gail Miller 56279 Bickham Road Amite, LA 70422	Commissioner	\$ -	April 2014
Dean Morgan 52196 South Evans Road Independence, LA 70443	Commissioner	\$ -	April 2012

See accountant's review report.

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
Phone: 225.928.4770 • Fax: 225.926.0945
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October 4, 2010

Independent Accountant's Report on
Applying Agreed-Upon Procedures

Mr. John Polito, Jr., President
and the Members of the Board of Commissioners
Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Recreation District No. 39A of Tangipahoa Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Recreation District No. 39A of Tangipahoa Parish's compliance with certain laws and regulations during the year ended June 30, 2010, included in the accompanying *Louisiana Attestation Questionnaire*. Recreation District No. 39A of Tangipahoa Parish's management is responsible for the District's financial records and compliance with applicable laws and regulations records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with R.S. 38:2211-2296 (the public bid law) or R.S. 39:1511-1775 (the state procurement code), whichever is applicable.

During the current year, there was one purchase of playground equipment, which exceeded \$30,000. We reviewed the bid documentation received from three vendors. Upon our review of this documentation, it was noted that management failed to advertise this equipment for public bid in the newspaper as required by the State of Louisiana Public Bid Law. Management did inform us that they had done an internet search, reviewed the phone directory, and discussed with other Recreation Districts to identify vendors who supplied playground equipment. From this search, management contacted the three vendors who submitted bids.

We recommend that in the future, the District comply with the State of Louisiana Public Bid, specifically the requirement to advertise in the newspaper.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

There were no employees during the period under examination.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

There were no employees during the period under examination.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. The original budget was not amended.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on May 6, 2009, which indicated that the budget had been adopted by the Commissioners of Recreation District No. 39A of Tangipahoa Parish by a vote of all in favor and none opposed. The budget was not amended.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more, or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures for the final budget to actual revenues and expenditures. The General Fund had actual expenditures and / or other uses over budgeted expenditures and / or other uses by 5% or more for the year ended June 30, 2010.

The General Fund has an unfavorable budget variance of greater than 5% in the Total Other Financing Sources (Uses) section.

The District failed to budget for the transfer of funds from the General Fund to the Debt Service Fund. As a result, the General Fund has an unfavorable budget variance of greater than 5% in the Other Financing Sources (Uses) section.

State Law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more.

We recommend that the District amend the budget if necessary according to State Law.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

- a. Trace payments to supporting documentation as to proper amount and payee.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. Determine if payments were properly coded to the correct fund and general ledger account.

All of the payments tested were properly coded to the correct fund and general ledger account.

- c. Determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the selected disbursements indicated approval by the Treasurer and the Chairman and the Board of Commissioners.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:1 through 42:13 (the open meetings law).

We were informed by the Secretary -- Treasurer that a notice is posted at the meeting site 24 hours in advance of a meeting.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

A reading of the minutes of the District for the year indicated no approval for the payments noted. We also inspected disbursement records for the year and noted no instances which would indicate payment to employees which would constitute bonuses, advances, or gifts.

Since there were no employees, there were no payroll records to inspect.

Recreation District No. 39A of Tangipahoa Parish

Prior Comments and Recommendations

12. Review any prior year suggestions, and / or comments to determine the extent to which such matters have been resolved.

See the Summary of Prior Year Findings for an update to the prior year findings.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Recreation District No. 39A of Tangipahoa Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannu L. Bourgeois, Ld P

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana
Summary Schedule of Prior Findings
For the Year Ended June 30, 2010

Code of Ethics for Public Officials and Public Employees

- 2009-1 Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

There were no employees during the period under review. However, during our review it was noted that the District purchased approximately \$14,692 for fencing from one its board members, Darrell Avant. This board member has not been an active participant on the Board the last few years, but it appears he never formally resigned from the Board. His term expired April 2009 and he was replaced by a new board member.

According to State Ethics Laws, a board member is prohibited from contracting with that entity for a period of two years after the termination of their public service.

We recommended that the District notify the Louisiana Board of Ethics and request an opinion on this matter.

Per review of the current year financial records, it appears that no payments were made to current board members or former board members. The District is now aware of this requirement and will make sure that it will not occur again.

Budgeting

- 2009-2 Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures for the final budget to actual revenues and expenditures. The General Fund had actual expenditures and / or other uses over budgeted expenditures and / or other uses by 5% or more for the year ended June 30, 2009.

The General Fund has an unfavorable budget variance of greater than 5% in the Total Expenditures section. The major unfavorable expenditures include Bad Debt Expense, Sheriff's Pension Expense, and Capital Outlay.

State Law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more.

We recommended that the District amend the budget if necessary, according to State Law.

There was a repeat finding in this area in the current year as the District failed to amend their budget for actual expenses exceeding budgets amounts by 5% or more.

Louisiana Attestation Questionnaire

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government Entities)
_____, (Date Transmitted)

Hannis T. Bourgeois, LLP
2322 Tremont Drive
Baton Rouge, LA 70809

In connection with your review of our financial statements as of June 30, 2010 and for the year then ended, as required by Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of July 30, 2010 (date of completion / representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐ N/A ☐

Code of Ethics Law for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐ N/A ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐ N/A ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐ N/A ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐ N/A ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and / or 39:92, as applicable.

Yes ☒ No ☐ N/A ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐ N/A ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐ N/A ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes ☒ No ☐ N/A ☐

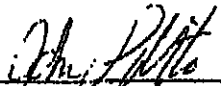
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐ N/A ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



John Polito, Jr., President



Margaret Baglio, Secretary-Treasurer

8-25-10
Date

8-25-10
Date

**INDEPENDENCE RECREATION DISTRICT 39-A
POST OFFICE BOX 187
INDEPENDENCE, LOUISIANA 70443**

**JOHN POLITO, JR., PRESIDENT
LARRY CARDARONELLA, MEMBER
DEAN MORGAN, MEMBER
GAIL MILLER, MEMBER**

**MARGARET BAGLIO, SECRETARY-TREASURER
FRANCES DURNIN, MEMBER
JOEY DAGRO, MEMBER
CHARLES BAGLIO, MEMBER**

Corrective Action Plan for Current Year Review Conditions

For The Year Ended June 30, 2010

November 3, 2010

**Hannis T. Bourgeois, LLP
178 Del Orleans, Suite C
Denham Springs, LA 70726**

In connection with your review of the financial statements of Recreation District No. 39A of Tangipahoa Parish, as of and for the year ended June 30, 2010, you reported two reportable conditions which need to be addressed. We have considered the recommendations contained in your report. The following outlines the corrective actions we will take regarding these conditions.

Condition:

The District failed to publically bid the purchase of playground equipment valued at \$30,000.

Corrective Action Planned:

The District will review the requirements of the State Bid Law and will publically bid the purchase of any items that fall under the related state statutes..

Name of Contact Person:

Margaret Baglio, Secretary / Treasurer

Anticipated Completion Date:

June 30, 2011

Condition

The General Fund had a greater than 5% variance in total expenditures compared to the budget.

Corrective Action Planned:

The District will closely monitor the budget in the future and prepare any necessary amendments that need to be made.

Name of Contact Person:

Margaret Baglio, Secretary / Treasurer

Anticipated Completion Date:

June 30, 2011

Implementation of the above actions planned by the Recreation District No. 39A of Tangipahoa Parish should adequately resolve each of the recommendations contained in the review report. If additional information is required, please advise.

Sincerely,

Signed: Margaret Baglio
Margaret Baglio

Title: Secretary - Treasurer

Date: 11/3/10